

Message Text

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PAGE 01 BAGHDA 00528 180445Z

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TO SECSTATE WASHDC 3072

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TAGS: AFSP, APER, IZ

SUBJ: RETIREMENT BENEFITS FOR CERTAIN ORE EMPLOYEES WHO RETIRE
IN THE FUTURE

REF: (A) 75 STATE 289818, (B) BAGHDAD 044

1. USINT BELIEVES THAT THE RETIREMENT BENEFITS ENVISIONED IN PREVIOUS DEPTELS ARE IN FACT FEASIBLE IN BAGHDAD. OUR RESPONSE NO 10 IN 75 BAGHDAD 0982 ONLY INDICATED THAT THE GOI SOCIAL SECURITY SYSTEM DOES NOT COVER DOMESTIC EMPLOYEES--NOT THAT LOCAL CUSTOM FOR EQUIVALENT HOUSEHOLD STAFF DOES NOT JUSTIFY THE ESTABLISHMENT OF SUCH A PROGRAM FOR USINT ORE RETIREES. WITH REGARD TO PARA 2, REF A, WE BELIEVE THAT LOCAL CUSTOM, NOT LAW, PROVIDES BASIS FOR AN ORE PENSION PROGRAM IN BAGHDAD.

2. THE FOLLOWING ARE IN RESPECT TO POINTS RAISED IN REF A,
PARA 3:

A-WHILE FACT THAT CUSTON, NOT LAW, IS BASIS FOR OUR RESPONSE AND THUS ACCURATE DATA ARE DIFFICULT, IF NOT IMPOSSIBLE TO OBTAIN, WE BELIEVE CLEAR MAJORITY, OR SOME 60 PERCENT, OF PERSONS WHO EMPLOY EQUIVALENT HOUSEHOLD STAFF PROVIDE RETIREMENT BENEFITS. IT IS OUR GUESS THAT THERE IS A ROUGHLY EVEN SPLIT AMONG THOSE WHO PROVIDE CASE BENEFITS AND THOSE WHO PROVIDE BENEFITS IN KIND. THE KINDS OF PERSONS QUESTIONED INCLUDE PROMINENT IRAQI BUSINESSMEN, LAWYERS, AND DOCTORS. WHILE USINT'S CONTACT WITH GOI OFFICIALS IS LIMITED, IT WOULD SEEM THAT GOVERNMENT FUNCTIONARIES WITH SUBSTANTIAL REPRESENTATIONAL RESPONSIBILITIES SHOULD ALSO BE INCLUDED.

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PAGE 02 BAGHDA 00528 180445Z

B-BENEFITS ARE MOST GENERALLY PROVIDED ON A REGULAR, I.E. MONTHLY OR ANNUAL BASIS. HOWEVER, ON SPECIAL OCCASIONS, SUCH AS PROMINENT CHRISTIAN OR MUSLIM HOLIDAYS, BENEFITS ARE USUALLY AUGMENTED IN THE CASE OF RETIREES WHO ARE ALREADY RECEIVING THEM, OR GIVEN TO THOSE WHO OTHERWISE HAVE NO RECURRING COVERAGE.

C-THERE IS NO HARD AND FAST AGE OR LENGTH OF SERVICE CRITERION FOR THE INITIATION OF BENEFITS. HOWEVER, IN GENERAL, SUCH BENEFITS ARE CONFERRED ON HOUSEHOLD STAFF WHO HAVE SERVICE OF 20 YEARS OR MORE.

D-DOLLAR EQUIVALENCY AMOUNTS ARE DIFFICULT TO PROVIDE, PARTICULARLY WHEN TRYING TO ACHIEVE PARITY WITH IRAQI EMPLOYERS WHO PROVIDE BENEFITS IN KIND AS OPPOSED TO CASH. SUCH BENEFITS INCLUDE, BUT ARE NOT LIMITED TO, FREE HOUSING, FREE MEDICAL TREATMENT WHEN RETIREES FALL ILL, AND GOI SOCIAL SECURITY COVERAGE. THE LATTER IS ARRANGED WHEN THE EMPLOYER REPORTS THE DOMESTIC EMPLOYEE AS PERFORMING OTHER TYPES OF WORK, THEREBY MAKING THE EMPLOYEE ELIGIBLE FOR EVENTUAL COVERAGE EVEN THOUGH HE FALLS OUTSIDE THE SCOPE OF THE GOI SOCIAL SECURITY LAWS. A ROUGH ESTIMATE OF THE DOLLAR VALUE OF THE AVERAGE BENEFITS PACKAGE UNDER DISCUSSION IS ID 400 PER YEAR, OR DOLLARS 1360. HOWEVER, THIS AMOUNT IS AT CURRENT PRICE LEVELS ONLY AND WOULD HAVE TO BE ADJUSTED FOR INFLATION AT THE TIME OF IMPLEMENTATION.

3. PARA 4, REF-C 1990 WAS ERRONEOUSLY GIVEN AS THE YEAR IN WHICH THE POST ADMINISTERED PLAN COULD BE DISCONTINUED. IN FACT, 1990 SHOULD HAVE BEEN SHOWN AS THE YEAR SUCH PLAN WILL BEGIN, OR THE RETIREMENT DATE OF USINT'S CURRENT SINGLE ORE EMPLOYEE. THUS, IN VIEW OF AN ESTIMATED SPAN OF 20 YEARS OF COVERAGE, THE NEW DISCONTINUANCE DATE SHOULD BE GIVEN AS 2010.

4. USINT BELIEVES THAT THE FOREGOING CONSTITUTE A FIRM BASIS FOR THE ESTABLISHMENT OF AN ORE RETIREMENT PLAN AT POST. WE THINK IT IS FAIR AND IN FACT OBLIGATORY FOR THE USG TO RECOGNIZE, WITHIN THE LIMITS OF LOCAL PRATICE, THE CONTRIBUTION MADE BY AN EMPLOYEE WHO TO DATE HAS GIVEN SOME 20 YEARS' LOYAL SERVICE TO FOUR AMERICAN AMBASSADORS, THREE BELGIAN CHARGES, AND SINCE UNCLASSIFIED

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PAGE 03 BAGHDA 00528 180445Z

1972, BOTH PRINCIPAL OFFICERS OF THIS INTERESTS SECTION.
WILEY

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